

***Economic Affairs Interim Committee
Draft Work Plan for the 2001- 2002 Interim***

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I. *Introduction*

There are a number of changes in store for legislators serving on interim committees this year. The Business, Labor, and Agriculture Interim Committee was renamed the Economic Affairs Committee for the 2001- 2002 interim. The new designation reflects the need to better connect the basic industries in the state and should assist legislators, the Executive Branch, and the public in determining which interim committee is responsible for addressing policy concerns related to economic activity, workforce issues, and the general business environment in Montana. In what was more tradition than a requirement, interim committee activities typically concluded by the middle of September immediately preceding the next scheduled session. This year, all study resolutions provided that interim committee work is to be completed by September 15. From a practical perspective, this means that study reports, if written, and recommendations, including any recommendations for legislation, must now be finalized by that date.

II. *Statutory Obligations and Review of Duties*

- 5-5-215. Duties of interim committees.** (1) Each interim committee shall:
- (a) review administrative rules within its jurisdiction;
 - (b) subject to 5-5-217(3), conduct interim studies as assigned;
 - (c) monitor the operation of assigned executive branch agencies with specific attention to the following:
 - (i) identification of issues likely to require future legislative attention;
 - (ii) opportunities to improve existing law through the analysis of problems experienced with the application of the law by an agency; and
 - (iii) experiences of the state's citizens with the operation of an agency that may be amenable to improvement through legislative action;
 - (d) review proposed legislation of assigned agencies or entities as provided in the joint legislative rules; and
 - (e) accumulate, compile, analyze, and furnish information bearing upon its assignment and relevant to existing or prospective legislation as it determines, on its own initiative, to be pertinent to the adequate completion of its work.
- (2) Each interim committee shall prepare bills and resolutions that, in its opinion, the welfare of the state may require for presentation to the next regular session of the legislature.
- (3) The legislative services division shall keep accurate records of the activities and proceedings of each interim committee.

The Economic Affairs Interim Committee is assigned by law to monitor the following state

agencies and the entities attached to these agencies for administrative purposes:

Department of Agriculture
Department of Commerce
Department of Labor and Industry
Department of Livestock
State Auditor
Public Service Commission
Office of Economic Development¹
State Fund²

II. A. Rule Review

Rule Review responsibilities for the agencies resides in the Committee. Committee legal staff will monitor the agency rulemaking notices and provide regular updates, if the Committee desires, of the process. According to the Montana Administrative Procedures Act (MAPA), the Committee charged with reviewing agency rules may:

- ? request agency rulemaking records for ensuring compliance with MAPA
- ? submit recommendations related to the adoption, amendment, or rejection of a rule
- ? require that a hearing be conducted
- ? participate in proceedings
- ? review the conduct of administrative proceedings

The Committee is encouraged to determine how active they will be in reviewing agency rules during the interim. There are several options that could be explored including a regular report at each meeting of each agency rule notice that was filed to a less formal scrutiny that includes periodic updates on issues seen by staff as particularly important to the Committee's work during the interim.

II. B. Program Monitoring

The 56th and 57th Legislatures established broad guidelines for interim committees to follow

¹The Office of Economic Development is attached to the Governor's Office and was established by Senate Bill No. 445, which also reorganized the Department of Commerce.

²During the 1999 - 2000 interim, a Memorandum of Agreement was established between the Business, Labor, and Agriculture Interim Committee and the State Administration Interim Committee to assign State Fund, an administratively attached agency of the Department of Administration, to the Business, Labor, and Agriculture Interim Committee. In part, the agreement was recommended due to the fact that the Business, Labor, and Agriculture Committee was assigned an interim study dealing with State Fund systems costs and competitiveness among regional states. Staff of both committees recommend that a similar arrangement be considered during this interim and discuss the possibility of recommending that State Fund be permanently assigned to the Economic Affairs Committee through an amendment to 5-5-223, MCA.

related to the monitoring of Executive Branch agency activities. Pursuant to 5-5-215, MCA, the Committee shall monitor the operation of assigned agencies with specific attention paid to:

- ? identifying issues likely to require future legislative attention
- ? improving existing law
- ? seeking the input of citizens

This effort could take many forms, the simplest of which could entail agency personnel being asked to present specific information about certain activities as determined by the Committee. A more systematic approach, whereby each agency presents a broad overview of activities throughout the interim may also be considered.

II. C. Draft Legislation Review

Finally, changes to the interim committee statutes call for each committee to conduct draft legislation review for each of the assigned agencies. Formerly, the Legislative Council was the requestor of all agency by request of legislation. The new structure provides each interim committee with the responsibility for requesting agency drafts and could offer the Committee an opportunity to review concepts prior to officially requesting on behalf of the agency presenting the idea. This would suggest that some type of screening mechanism would need to be developed and agreed upon by the Committee members. This responsibility should assist the members in becoming aware of what the agencies are looking to accomplish during the 2003 session and give the members an opportunity to work with agencies in crafting legislation.

III. *Study Activities*

The Legislative Council assigned Senate Joint Resolution No. 22 (SJR22), a study of rising health care costs and health insurance costs, to the Committee with the added recommendation that a subcommittee of no more than 12 members be appointed from members of the Economic Affairs Committee, the Legislative Finance Committee, and the Children, Families, Health and Human Services Committee. The potential breadth of this policy area necessitates a broad range of interest and expertise. Forming a joint subcommittee may assist in isolating specific issues for eventual inclusion in a more global recommendation for action.

The Committee must consider how it chooses to appoint its members to the subcommittee. Because SJR 22 is the only officially assigned study, each member may want to serve on the joint subcommittee and inform the remaining two committees of the fact that up to four additional openings are available. The other option would be to equally allocate the 12 seats among the three committees. Approximately \$30,000 was appropriated for interim work on this issue. That appropriation will be used to cover the expenses of the subcommittee and to some extent, the work of the full committee as it reviews and acts on subcommittee recommendations.

As background, SJR 22, was requested by the Senate Local Government Committee as a response to several pieces of legislation dealing with the rising cost of health insurance that local government entities are facing.

The resolution asserts that health care costs and health insurance generally are increasing at rates that make it difficult for governmental entities as well as private businesses, particularly

small employers, to provide the nature of insurance coverage their employees desire and can afford. Specifically, SJR 22 proposes several areas that should be included in a study approach. Those areas are:

- ? purchasing pools for individual and small group insurance
- ? provider reimbursement rates and cost shifting of health care costs
- ? access to affordable prescription drugs
- ? strategies to decrease the number of uninsured Montanans
- ? factors causing health insurance rates to rise greater than the rate of inflation
- ? the feasibility of recreating the Health Care Advisory Council

Finally, the resolution specifically itemizes the stakeholders that should be included in any deliberations on this subject. The Committee and subcommittee should consider the role these stakeholders should play and express those expectations clearly early in the process and throughout the development of the study plan.

IV. *Other Interim Activities*

Two bills and one joint resolution approved by the 57th Legislature made reference to the Economic Affairs Committee as the appropriate interim committee to receive progress reports from Executive Branch agencies.

House Joint Resolution No. 7, sponsored by House Speaker Dan McGee, urged the Department of Labor and Industry to review the complex body of law governing the payment of wages for time spent traveling to and from work sites. The Department has begun the process of reviewing the applicable federal and state laws and is aware of the need to report progress to the Economic Affairs Interim Committee. The Committee may wish to inform the Department of its intention to receive regular updates, a final recommendation, or a combination of the two by a date certain.

House Bill No. 73, sponsored by Rep. Roy Brown, was the result of the Business, Labor, and Agriculture Interim Committee's work during the last interim on the issue of privatization and government competition with private vendors. The bill establishes a pilot program to better identify the true cost of providing government services using a full cost accounting method.

Senate Bill No. 469, sponsored by Sen. Bob DePratu, allows the Department of Labor and Industry to craft cooperative agreements among other agencies of the state to coordinate and consolidate workforce development programs. Once again, the legislation requires that the Department inform the Committee of its work and progress.

V. *Member Issues*

During the 2000 - 2001 Interim, several legislators requested that the Committee address specific issues with the intention that the Committee would prepare recommendations for the 2001 session. Staff expects that this practice will continue this interim and will inform the presiding officers of non-member requests and receive direction on whether the Committee has the available resources, time, and interest in conducting research or holding information gathering meetings.

VI. *Staff Recommendations for Additional Activities*

Prior to the beginning of the 57th Legislature, staff discussed the possibility of working with the Insurance Commissioner on a limited scope, Title 33 revision and clarification project that would culminate in a bill draft for the 2003 legislative session. The purpose of the clarification would be to ensure internal references are accurate, definitions are used consistently and in ways in which they are intended, and outlining format is appropriate and readable. Ultimately, the intent is to pick a few problems areas of the insurance code and make them more understandable by the public, legislators, staff, and the industry.

This proposal requires Committee approval and involvement to ensure that policy changes are not made inadvertently and the drafting focuses only on clarifying the current language to comport with modern drafting style. If approved, this effort would be an on-going process the would not take up a great deal of the Committee's time. Regular updates would be offered to the members with a final draft being presented prior to the September 15, 2002, interim deadline.

The Insurance Commissioner's office is interested in this project and, if the Committee believes it would be a worthwhile effort, would be a full participant in the process.

VII. *Tentative Interim Calendar*

In addition to an organizational meeting, staff recommends that the Committee meet seven times during the interim and encourages the Committee members to adopt the following meeting calendar as they have been selected to avoid, as much as possible, scheduling conflicts with other interim committees.

1. September 7, 2001
2. November 30, 2001
3. February 15, 2002
4. April 5, 2002
5. June 7, 2002
6. August 16, 2002
7. September 13, 2002

Each meeting date proposed falls on a Friday to allow, should there be a need, to hold two-day meeting beginning on Thursday. Given the assignment of SJR 22, it is likely that two-day meetings may be necessary to ensure that the Committee has ample time to conduct their duties. Additional meetings may be scheduled subject to the availability of resources and the Committee's budget. Meetings are generally held in Helena, but may be scheduled at other locations pursuant to the wishes of the Committee members. Members are encouraged to decide early in the interim whether meetings should be scheduled outside of Helena, due to the fact that those days require additional resources and logistical demands required to ensure adequate space and notice to the public.

VIII. *Web Resources*

The Committee has a website that serves as a repository for Committee activities, minutes, agendas, study reports, and a variety of other information. Committee staff is responsible for keeping the website updated. Additionally, each agency assigned to the Committee has a webpage as well. The following Internet addresses will link a user directly to those agency sites.

Legislative Services:	http://www.leg.mt.gov
Department of Agriculture:	http://agr.mt.gov
Department of Commerce:	http://commerce.mt.gov
Department of Labor and Industry:	http://dli.mt.gov
Department of Livestock:	http://www.liv.mt.gov
Public Service Commission:	http://www.psc.mt.gov
State Auditor:	http://www.mt.gov/sao/index.htm

The following table provides a brief description of the Committee's involvement over the course of the interim. The columns highlighting priority are designed to spur discussion and offer the members an opportunity to choose how best to allocate their time. It is anticipated that choosing the highest priority column for each activity will seriously tax the Committee's time, staff resources, and budget. However, the table is an estimate and is fluid enough to allow for flexibility and resource reallocation.

ACTIVITY	HIGH PRIORITY	MEDIUM PRIORITY	LOW PRIORITY
<i>RULE REVIEW</i>	Instruct staff to prepare regular, in-depth updates on all proposed rule notices at each scheduled meeting.	Instruct staff to consult with Committee presiding officers on rule review issues that are of particular interest to the members and schedule updates as necessary.	Respond to rule review requests from the public or other legislators as those requests arise throughout the interim.

<i>AGENCY MONITORING</i>	Develop a regular schedule for agencies to present a systematic review of programs administered throughout the interim.	Instruct staff to develop a formal list of questions for Committee approval and allocate an appropriate amount of time to allow for agency presentations.	Request written information from agencies when the Committee becomes aware of issues associated with agency performance.
<i>DRAFT LEGISLATION REVIEW</i>	Work throughout the interim with agencies as they begin to prioritize legislative proposals.	Develop a formal screening process for each agency draft before requesting legislation.	No formal review process developed; request each piece of legislation presented.
<i>ASSIGNED STUDY</i>	Full committee participation on subcommittee.	Periodic updates of subcommittee activities throughout the interim with final recommendations being made at the last meeting.	Limited member involvement on subcommittee; final recommendations made on subcommittee findings.
<i>OTHER INTERIM ACTIVITIES</i>	Establish a work group that works closely with the appropriate reporting entity to assist in the development of recommendations.	Updates from appropriate reporting entities depending on availability of information.	Receive a final report of activities.
<i>MEMBER ISSUES</i>	Identify member issues early in the interim and instruct staff to research issues and prepare recommendations.	Assign working group for member issues as they arise and present findings for recommendations.	Address member issues as time allows.
<i>STAFF RECOMMEND.</i>	Full Committee involvement in working on clarifying certain chapters of Title 33.	Assign working group to direct staff in the development of legislation clarifying certain chapters of Title 33.	Address staff recommendations as time allows.